



FRED WILLIAMSON & ASSOCIATES, INC.  
*Telecommunications Management Services*

VIA ECFS

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of Secretary  
445 12<sup>th</sup> Street, S. W.  
Washington, D.C. 20554

July 1<sup>st</sup>. 2017

RE: Submission of information Pursuant to FCC 54.313 Rules and Request  
for Confidential Treatment – ETC Annual Reports and Certifications WC  
Docket Nos. 10-90 and 14-58

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, **MOUNDRIDGE TELEPHONE COMPANY** or “Moundridge” (Study Area Code 411808), is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 14-58. Moundridge by its authorized representative, hereby requests confidential treatment of one attachments to its FCC Form 481: the Consolidated Financial Statements identified on Line 3005, which was redacted in the ECFS submission.

The request for confidential treatment of the financial annual report is being made pursuant to the FCC’s March 22, 2016 Protective Order in WC Docket Nos. 10-90

and 14-58. The financial reports contain competitively sensitive data that is not otherwise available from publically available sources.

The request for confidential treatment is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA).

Moundridge keeps this information strictly confidential and it is subject to protection under the Freedom of Information Act (FOIA) and the Commission's implementing rules. Release of this information would have a substantial negative impact on the Company.

Moundridge is also transmitting the following information to the Commission in compliance with C.F.R. §§54.313 and 54.422:

- Submission to the Office of the Secretary, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection. Confidential information has been designated in accordance with Confidentiality guidelines and the Protective Order.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

Moundridge requests that the information contained in its annual financial report be withheld from public inspection because it contains competitively sensitive

commercial and financial information that the Company keeps confidential. Public availability of this information would have a substantial negative impact on the Company.

Moundridge offers the following information pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA in support of this request:

*(1) Identification of the specific information for which confidential treatment is sought:*

Attachment to Line 3005 of FCC Form 481 – Consolidated Financial Statements. Specifically, confidential treatment is sought for all information in the report.

*(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:*

The information was submitted in WC Docket Nos. 10-90 and 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form.

*(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:*

The Consolidated Financial Statements contains financial information and subscriber counts for a privately held company, which is not made publicly available.

*(4) Explanation of the degree to which the information concerns a service that is subject to competition:*

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more Internet service providers.

*(5) Explanation of how disclosure of the information could result in substantial competitive harm:*

Disclosure of the information contained in the operating report would provide competitors with detailed information regarding the Company's financial position. This would provide competitors access to confidential information they could employ to develop their own plans in a particular service area. This could cause competitive harm to the Company.

*(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:*

The Company has continually treated financial information as confidential and carefully controls the information to protect it from competitors.

*(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:*

The redacted information in the Consolidated Financial Statements are not available to the public, and third party access is limited as described in (6) above.

*(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:*

The Company requests that the extracted information be withheld from public inspection indefinitely. The information and financial details would provide valuable information to competitors for several years beyond that period.

*(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:*

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Please contact me if you have any questions.

Sincerely,

*Tim Morrissey*

President,  
FWA, Inc.

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	411808
<015>	Study Area Name	MOUNDRIDGE TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	SOMMER SMITH
<035>	Contact Telephone Number: Number of the person identified in data line <030>	6203452832 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	sommer@mtelco.net
Form Type		54.313 and 54.422

<010>	Study Area Code	411808
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<020>	Program Year	2018
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No

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**(300) Unfulfilled Service Request  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

0

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	411808
<015>	Study Area Name	MOUNDRIDGE TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	SOMMER SMITH
<035>	Contact Telephone Number - Number of person identified in data line <030>	6203452832 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	411808
<015>	Study Area Name	MOUNDRIDGE TEL CO
<020>	Program Year	2018
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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
411808KS510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

<b>(600) Functionality in Emergency Situations</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<035>	Contact Telephone Number - Number of person identified in data line <030>	6203452832 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	411808KS610.pdf

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819

<039> Contact Email Address - Email Address of person identified in data line <030> sommer@mtelco.net

1/1/2017

1/1/2017

-- See attached worksheet

<010>	Study Area Code	411808
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ssommer@mtelco.net

-- See attached worksheet --

**(800) Operating Companies  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net
<810>	Reporting Carrier	MOUNDRIDGE TELEPHONE COMPANY, INC.
<811>	Holding Company	The Moundridge Telephone Company
<812>	Operating Company	MOUNDRIDGE TELEPHONE COMPANY, INC.

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

&lt;900&gt; Does the filing entity offer tribal land services? (Y/N) No

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 411808KS1010.pdf

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Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 411808KS1030.pdf

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	411808
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<030>	Contact Name - Person USAC should contact regarding this data	SOMMER SMITH
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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt; Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<030>	Contact Name - Person USAC should contact regarding this data	SOMMER SMITH
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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

411808KS1210.pdf

Name of Attached Document

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

<010>	Study Area Code	411808
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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
		Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	411808KS1030b.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input checked="" type="checkbox"/>	
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input checked="" type="checkbox"/>	
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	411808KS3017.pdf
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or	<input type="checkbox"/>	
(3020)	(2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>	
(3021)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3022)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.	<input type="checkbox"/>	
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>	
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>	
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>	
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

**(3005) Rate Of Return Carrier Additional Documentation (Continued)**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

**Financial Data Summary**

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

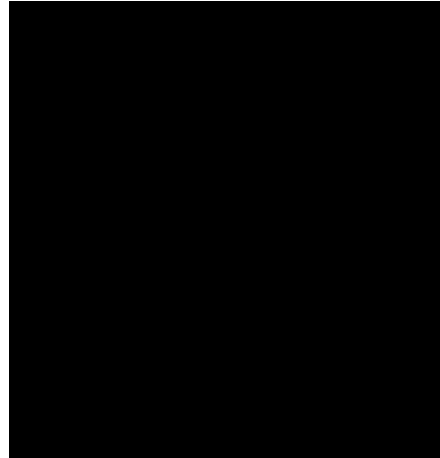
(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends

**Redacted - For Public Inspection**

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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

**4004a.** Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

**4004b.** Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

**Certification - Reporting Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>FWA, INC.</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	FWA, INC.
Name of Reporting Carrier:	MOUNDRIDGE TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/23/2017
Printed name of Authorized Officer:	Harry Weelborg
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	6203452831 ext.
Study Area Code of Reporting Carrier:	411808 Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	MOUNDRIDGE TEL CO
Name of Authorized Agent Firm:	FWA, INC.
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/23/2017
Name of Authorized Agent Employee:	TOM KARALIS
Title or position of Authorized Agent or Employee of Agent	CONSULTANT
Telephone number of Authorized Agent or Employee of Agent:	9182981618 ext.
Study Area Code of Reporting Carrier:	411808 Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

<b>(700) Price Offerings including Voice Rate Data</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<015>	Study Area Name	MOUNDRIDGE TEL CO
-------	-----------------	-------------------

<020>	Program Year	2018
-------	--------------	------

<030>	Contact Name - Person USAC should contact regarding this data	SOMMER SMITH
-------	---	--------------

<035>	Contact Telephone Number - Number of person identified in data line <030>	6203452832 ext.
-------	---	-----------------

<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net
-------	---	-------------------

<702> Single State-wide Residential Local Service Charge

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[illegible]

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<b>(710) Broadband Price Offerings</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	411808
<015>	Study Area Name	MOUNDRIDGE TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	SOMMER SMITH
<035>	Contact Telephone Number - Number of person identified in data line <030>	6203452832 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	sommer@mtelco.net

[illegible]

<b>(800) Operating Companies</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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July 2013

[illegible]

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**QUALITY OF SERVICE AND CUSTOMER PROTECTION PROCESS**

**(USAC DOCUMENT - 411808KS510.PDF)**

## **MOUNDRIDGE TELEPHONE COMPANY**

### **QUALITY OF SERVICE & CUSTOMER PROTECTION PROCESSES**

#### **1. Available Customer Service Representatives to Answer Phones**

All calls received by Moundridge Telephone Company during business hours are answered by the third ring. When the assigned customer representative is unable to answer calls by the third ring, additional representatives are available to help answer phones.

#### **2. Provide After Hours Emergency Customer Service**

Calls are answered by an answering machine and one of the service technicians is on call after business hours. The technician on call works to resolve the matter as quickly as possible. If that technician is unable to resolve the problem, additional technicians are called.

#### **3. Provide a 24/7 Hour Internet Help Desk Service**

All calls are directed to our help desk service and are attended to upon receiving the call.

#### **4. Give Customers Cut-off Warnings & Provide Bill Arrangement Opportunities**

Customers are cut-off when their bill is unpaid by the 20th of the current month and the total bill is over \$100. Notification of the payment due date is prominently displayed on bills. Customers that have a total due of \$20 or more are sent a reminder notice after the due date has passed. They are given 10 days to pay or make payment arrangements. The disconnect note listing the people that are disconnected are handed out to all customer service representatives.

## **5. Ensure That All New Service Installation Orders Are Fulfilled Promptly**

All customers are contacted within 48 hours regarding scheduling the new service installation. If outside plant is already in place, the order is filled at the customers' earliest convenience; if outside plant is not in place, the order is filled as soon as the weather permits.

## **6. Minimize Customer Downtime for Services & Make Requested Changes Promptly**

Contact customers regarding all service requests the same day, with a goal of resolving all issues within 48 hours. Any unresolved issues will be resolved contingent on the technician/customer coordination of access to the premises.

## **7. Proactively Monitoring in Case of Major Service Outages**

Service technicians will be made aware of outages affecting customers within an hour. It is the goal of Moundridge Telephone Company to resolve major outages in four hours or less. If an outage has not been resolved within four hours, technicians will begin utilizing all resources to resolve the outage.

## **CUSTOMER PRIVACY**

### **Company Confidential Information Policy**

Moundridge Telephone Company has a company policy in place that holds employees accountable for a breach of confidentiality concerning customer data and company information.

The policy states: *"You are reminded that revealing any type of confidential information to unauthorized persons or tampering with or altering company records and/or property is a violation of trust that can result in disciplinary action up to and including discharge."*

**Company CPNI Policy**

Moundridge Telephone Company has a Customer Proprietary Network Information (CPNI) policy in place that ensures employee compliance with the FCC's CPNI guidelines. Outlined within the policy is a detailed description of CPNI as well as both acceptable and unacceptable CPNI practices. Employees are required to sign waivers stating they understand and agree to comply with the policy and acknowledge that "failure to protect this information will result in disciplinary action up to and including discharge for the responsible employee."

As a part of this policy, Moundridge Telephone Company has designated a Compliance Officer responsible for training employees, monitoring CPNI related activities, and reporting breaches.

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**EMERGENCY SITUATION FUNCTIONALITY – AVAILABILITY OF BACK UP POWER**

**(USAC DOCUMENT - 411808KS610.PDF)**

## **MOUNDRIDGE TELEPHONE COMPANY**

### **EMERGENCY SITUATION FUNCTIONALITY**

Moundridge Telephone Company has 1 central office and 1 tandem office location within its service area. Each of these locations is equipped with a back-up generator capable of providing power to the equipment within that office in the event of an external power source outage. After each power outage, generators are inspected and are also professionally serviced bi-annually to ensure functionality.

### **TRAFFIC ROUTING**

Voice traffic between the central office switch and remote switches is carried across a fiber ring allowing continued service if one route is interrupted. Voice traffic between the central office switch and the upstream tandem is also provisioned across fiber.

### **MANAGING TRAFFIC SPIKES**

Moundridge Telephone Company's careful capacity planning has put multiple constraints and triggers in place on its Central Office equipment, outside plant equipment, and network backbone that will provide the company with the capability of handling traffic spikes during emergency situations.

- Usage rates are analyzed monthly by Moundridge Telephone Company using reports automatically generated by the switch to ensure that usage does not exceed 90% of total line capacity.
- Moundridge Telephone Company will monitor traffic internally on a monthly basis to ensure optimal efficiency.

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**VOICE SERVICES RATE COMPARABILITY**

**(USAC DOCUMENT - 411808KS1010.PDF)**

## **Voice Services Rate Comparability**

### **Moundridge Telephone Company**

In compliance with the 54.313 Rules, Moundridge Telephone Company must certify that its current rate for fixed voice services is no more than two standard deviations above the national average urban rate for voice service.

According to the 2017 Urban Rate Survey<sup>1</sup> conducted by the FCC's Wireline Competition Bureau, the 2016 rate floor for voice services is \$22.49 and the reasonable comparability benchmark for voice services is \$49.51.

The rates shown on the Voice Pricing Form (0700) are below \$49.51. Consequently, Moundridge Telephone Company meets the above mentioned requirement.

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<sup>1</sup> WIRELINE COMPETITION BUREAU ANNOUNCES RESULTS OF 2017 URBAN RATE SURVEY FOR FIXED VOICE AND BROADBAND SERVICES, POSTING OF SURVEY DATA AND EXPLANATORY NOTES, AND REQUIRED MINIMUM USAGE ALLOWANCE FOR ETCs SUBJECT TO BROADBAND PUBLIC INTEREST OBLIGATIONS. WC Docket #10-90, DA 17-167 Public Notice - Released February 14<sup>th</sup>, 2017.

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**BROADBAND RATE COMPARABILITY**

**(USAC DOCUMENT – 411808KS1030)**

## BROADBAND RATE COMPARABILITY MOUNDRIDGE TELEPHONE COMPANY – KANSAS

### BROADBAND BENCHMARK

According to the 2017 Broadband Reasonable Comparability Benchmark conducted by the FCC Wireline Competition Bureau (*and using the Reasonable Comparability Benchmark Calculator supplied by the FCC*), the reasonable comparability benchmark for Broadband rates are as follows<sup>1</sup>:

<b>Download Speed</b>	<b>Upload Speed</b>	<b>Usage Allowance</b>	<b>Benchmark</b>
6 Mbps	1 Mbps	Unlimited	\$71.27
10Mbps	1Mbps	Unlimited	\$77.98
15 Mbps	3 Mbps	Unlimited	\$83.82
25 Mbps	5 Mbps	Unlimited	\$90.77

### RATE REQUIREMENT

Per 47 C.F.R. § 54.313(a)(12), Moundridge Telephone Company pricing can be no more than the applicable benchmark as published annually by the Wireline Competition Bureau. The rates shown on Moundridge Telephone Company's Broadband Price Offerings Form (0710) are all below the FCC's 2016 Broadband Pricing Benchmarks. Consequently, Moundridge Telephone Company meets the above mentioned requirement.

The Survey also noted that the required minimum usage allowance is 150GBs for rate-of-return carriers, such as Moundridge Telephone Company. Moundridge Telephone Company does not currently implement a usage allowance maximum. All broadband customers have unlimited usage allowance.

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<sup>1</sup> <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**LIFELINE PLAN**

**(USAC DOCUMENT - 411808KS1210.PDF)**

**Moundridge Telephone Company, Inc.**

**Lifeline Plan – Kansas**

Moundridge Telephone Company, Inc. (Moundridge) offers Lifeline Telephone Service to its customers.

The eligibility criteria for Lifeline service is indicated on the attachment. Upon confirmation of eligibility, appropriate lifeline credits are provided to the customer. Total available lifeline credits consist of \$9.25 from the Federal jurisdiction and \$7.77 for the State of Kansas. The rate for basic local exchange service for Moundridge customers as of January 1, 2017 was \$17.00 and increased to \$17.25 effective March 1, 2017. In addition to the basic local rate, a Federal Subscriber Line Charge of \$6.50 is also applicable. Moundridge customers receive unlimited local calling as part of the Basic Local Exchange Service Plan.

No other credits are applied to rates for remaining services, including toll service (if the customer doesn't have toll limitation service). Toll rates are assessed based on rates charged by the presubscribed long distance provider.

## KANSAS LIFELINE CERTIFICATION FORM

### SUBSCRIBER INFORMATION:

Subscriber's Full Name: \_\_\_\_\_

Subscriber's Residential Phone Number: \_\_\_\_\_

Subscriber's Full Residential Address: \_\_\_\_\_

(No P.O. Boxes)    ☐ Permanent    ☐ Temporary

Temporary Residential Address: \_\_\_\_\_

(Example: friend, family member, etc.)

Subscriber's Lifeline Billing Address: \_\_\_\_\_

☐ Mark if same as residential address

Subscriber's Date of Birth: \_\_\_\_\_

MM / DD / YYYY

Subscriber's last four digits of SS No.: \_\_\_\_\_

Subscriber's Tribal ID No. if no SS No.: \_\_\_\_\_

**1. Subscriber seeking to qualify for Lifeline under program-based criteria check all applicable boxes below:**

☐ Veterans Pension & Survivors Pension Benefit

☐ SNAP

☐ SSI

☐ Federal Public Housing Assistance (FPHA)

☐ Medicaid

☐ Tribal TANF

☐ Food Distribution Program on Indian Reservation

☐ Bureau of Indian Affairs GA

☐ Head Start (tribal programs for only those meeting income requirements)

**2. Subscriber seeking to qualify for Lifeline under the income-based criteria (135% of federal poverty level), provide the number of individuals in residential household: \_\_\_\_\_**

NOTE: If a prospective subscriber presents documentation of income that does not cover a full year, such as paystubs, the prospective subscriber must present the same type of documentation covering three consecutive months within the previous 12 months.

**\*2017 Kansas Poverty Level Guidelines (135%)**

Household Size	Maximum Annual Income
1	\$16,281.00
2	\$21,924.00
3	\$27,567.00
4	\$33,210.00
5	\$38,853.00
6	\$44,496.00
7	\$50,139.00
8	\$55,782.00
Each Additional Person	\$ 5,643.00

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**MILESTONE CERTIFICATION**

**(USAC DOCUMENT - 411808KS3010.PDF)**

**Line 3010(b) - Milestone Certification**

Moundridge Telephone Company certifies that, upon a reasonable request, it will provide Broadband services at actual speeds of 10 Mbps downstream / 1Mbps upstream, with latency suitable for real-time applications, including VoIP and usage capacity that is reasonably comparable to urban areas and that requests for such services are met within reasonable amount of time.

**MOUNDRIDGE TELEPHONE COMPANY, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**(USAC DOCUMENT - 411808KS3017.PDF)**

# Moundridge Telephone Company

Moundridge, Kansas

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

December 31, 2016 and 2015



KCOE  
150M

# Moundridge Telephone Company

## TABLE OF CONTENTS

December 31, 2016 and 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Moundridge Telephone Company  
Moundridge, Kansas

We have audited the accompanying consolidated financial statements of Moundridge Telephone Company, an S corporation, and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2016 and 2015; the related consolidated statements of income and comprehensive income, changes in stockholder's equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT

(Continued)

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KCoe Jam, LLP

February 16, 2017

Salina, Kansas

**FINANCIAL SECTION**

**Moundridge Telephone Company**  
CONSOLIDATED BALANCE SHEETS

December 31

2016

2015

**ASSETS**

**Current Assets**

Cash

Due from customers

Accounts receivable - related party

Other accounts receivable

Investment in available-for-sale securities

Materials and supplies

Prepaid expenses

**Total Current Assets**

**Telephone Plant**

In service:

General support assets

Central office equipment

Information origination/termination equipment

Outside plant

**Total Telephone Plant in Service**

Less: Accumulated depreciation and amortization

**Subtotals**

Telephone plant under construction

**Total Telephone Plant**

**Noncurrent Assets**

Investment in limited liability companies - at equity

Corporate stock - at cost

Investment in nonregulated plant

**Total Noncurrent Assets**

**TOTAL ASSETS**

*The accompanying notes are an integral part of these consolidated financial statements.*

**Moundridge Telephone Company**  
CONSOLIDATED BALANCE SHEETS  
(Continued)

December 31

2016

2015

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Current Liabilities**

Accounts payable

Accounts payable - related party

Advance billings and payments

Current maturities of long-term obligations

Other current liabilities

**Total Current Liabilities**

**Long-Term Obligations**

Less current maturities

**Total Liabilities**

**Stockholder's Equity**

Capital stock - common

Additional paid-in capital

Retained earnings

Accumulated other comprehensive income:

Unrealized gains (losses) on securities

**Subtotals**

Less: Treasury stock - at cost

**Total Stockholder's Equity**

**TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY**

*The accompanying notes are an integral part of these consolidated financial statements.*

**Moundridge Telephone Company****CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

Years Ended December 31

**2016****2015****Operating Revenues**

Local network service

Network access service

Long distance network service

Miscellaneous

Uncollectible operating revenue - net recoveries (charge-offs)

**Total Operating Revenues****Operating Expenses**

Plant specific operations

Plant nonspecific operations

Depreciation and amortization

Customer operations

Corporate operations

**Total Operating Expenses****Operating Taxes**

Other operating taxes

**Operating Income (Loss) Before Fixed Charges****Fixed Charges**

Interest on long-term debt

Allowance for funds used during construction

**Total Fixed Charges****Operating Income (Loss)****Nonregulated Net (Loss)****Nonoperating Income (Expense)**

Interest and dividend income

Equity in earnings (loss) of limited liability companies

Net gain (loss) on disposal of assets

Special charges

Other nonoperating income (expense)

**Total Nonoperating Income (Expense)****Net Income (Loss)****Other Comprehensive Income (Loss)**

Unrealized gains (losses) on securities arising during the period

Reclassification adjustment

**Total Other Comprehensive Income (Loss)****Net Comprehensive Income (Loss)***The accompanying notes are an integral part of these consolidated financial statements.*

**Moundridge Telephone Company**  
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-In Captial	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Totals
Balance - December 31, 2014						
Comprehensive income (loss)						
Balance - December 31, 2015						
Comprehensive income (loss)						
Distribution						
Balance - December 31, 2016						
The accompanying notes are an integral po						

**Moundridge Telephone Company**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended December 31

2016

2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income (loss)

**Adjustments to Reconcile Net Income to Net Cash**

**Provided By (Used In) Operating Activities**

Dividends reinvested

Equity in (earnings) loss of limited liability companies

(Gain) Loss on disposal of assets

Depreciation and amortization of telephone plant

(Increase) Decrease in:

Due from customers

Accounts receivable - related party

Other accounts receivable

Prepaid expenses

Increase (Decrease) in:

Accounts payable

Accounts payable - related party

Advance billings and payments

Other current liabilities

**Total Adjustments**

**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Expenditures for telephone plant

Proceeds from sale of telephone plant

Purchase of mutual funds

Proceeds from sale of available-for-sale securities

Proceeds from sale of investment in LLC

Proceeds from note receivable

Return of capital on corporate stock

(Increase) Decrease in materials and supplies

**NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on long-term debt

Distribution

**NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES**

Net Increase (Decrease) in Cash

Cash - Beginning of Year

Cash - End of Year

*The accompanying notes are an integral part of these consolidated financial statements.*

Moundridge Telephone Company  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Continued)

Years Ended December 31	2016	2015
-------------------------	------	------

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid (received) during the year for interest - net of  
capitalized interest of: \$-0- in 2016; \$8,136 in 2015

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING  
AND FINANCING ACTIVITIES

Additions of property, plant, and equipment financed  
through increases in accounts payable  
Distribution of available-for-sale securities

*The accompanying notes are an integral part of these consolidated financial statements.*

## Moundridge Telephone Company

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

#### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities** Moundridge Telephone Company is a local telephone company which provides telephone and long-distance services in two exchanges in central Kansas.

**Principles of Consolidation** The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries, Moundridge Telcom, Inc. and Zaziwil, Inc. All significant intercompany transactions and balances have been eliminated in the consolidation. This consolidation is hereafter referred to as the Company.

**Industry Guidelines** The accounting policies of the Company are from the Rules and Regulations, Part 32, Uniform System of Accounts for Class A and B Telephone Companies. These rules are continuously updated by the Federal Communications Commission (FCC). These policies are judged by the management to be the most appropriate in the circumstances to present fairly the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America for the industry.

**Depreciation and Amortization** Telephone plants in service and under construction are stated at cost. Normal retirements of telephone plant are charged against accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. The Company provides for depreciation and amortization on a straight-line basis at annual rates which will amortize the property over its estimated useful life. Eligible additions to plant and equipment have been depreciated on an accelerated basis for income tax purposes.

**Income Taxes** The Company elected S corporation status effective January 1, 2004. Earnings, losses, and tax credits after that date are included in the personal income tax returns of the parent's stockholders. Accordingly, the Company will not incur additional income tax obligations.

The Company files income tax returns in the U.S. federal jurisdiction and various U.S. state jurisdictions. The Company is subject to U.S. federal or state income tax examinations by tax authorities for a period of three years after filing the tax return.

**Impairment of Long-Lived Assets** Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable from future, undiscounted net cash flows expected to be generated by the asset. If the asset is not fully recoverable, an impairment loss would be recognized for the difference between the carrying value of the asset and its estimated fair value based on discounted net future cash flows or quoted market prices. Assets to be disposed of are reported at the lower of their carrying amount or fair value less cost to sell.

**Inventories** The materials and supplies inventory is valued at average cost which is in accordance with accepted industry practice.

**Accounts Receivable and Bad Debts** Accounts receivables are presented at face value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience and current economic conditions.

## Moundridge Telephone Company

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Management considers accounts receivable to be fully collectible; accordingly, the allowance for doubtful accounts is set at zero.

**Revenue Recognition** Revenues are generally recognized and earned when evidence of an arrangement exists, service has been rendered, the selling price is determinable, and collectability is reasonably assured. Revenues are stated net of applicable taxes.

**Access Revenue** The Company receives a portion of its interstate access revenues from settlement pools in which it participates with other telephone companies through the National Exchange Carrier Association, Inc. (NECA). These pools were established at the direction of the FCC and are funded by access service charges, which the FCC regulates. The process is subjected to continual monitoring and changes by the FCC. These changes by the FCC could have an impact on future consolidated financial statements.

Revenues earned through this pooling process are initially recognized based on estimates and are subject to adjustments that may either increase or decrease the amount of interstate access revenues. If the actual amounts that the Company receives from the settlement pools differ from the estimated amounts recorded, the Company records the change as a current adjustment to earnings, which could have a significant impact on the consolidated financial statements.

**Fair Value Measurements** The Company has determined the fair value of certain assets and liabilities through application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Fair Value Measurements*, 820-10. The accounting standards define a fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based on observable inputs other than quoted prices included in level 1. Financial assets and liabilities valued using level 3 inputs are based on amounts derived from valuation models where one or more of the significant inputs are unobservable. The only assets and liabilities the Company measures at fair value are investments in marketable securities, which are all valued using level 1 inputs.

**Investments** The classification of securities is generally determined at the date of purchase. Gains or losses on the sale of securities are recognized on a specific identification basis for stock certificates held by the Company and at average cost for investments held at other financial institutions.

Available-for-sale securities are reported at fair value using quoted prices in active markets for identical assets (Level 1 inputs), with unrealized gains and losses included as a separate component of stockholder's equity. Investments in nonmarketable securities are carried at cost. The carrying value of investments in less than 20% owned limited liability companies are carried using the equity method.

**Cash Equivalents** For purposes of the consolidated statements of cash flows, the Company generally considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Money market funds held by brokerage firms are included in cash.

**Moundridge Telephone Company**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

2. INVESTMENT SECURITIES

At December 31, 2016 and 2015, the investment securities portfolio was comprised of securities classified as securities available for sale.

The cost and fair values of investment securities available for sale were:

		Gross Unrealized		Fair
	Cost	Gains	(Losses)	Value
December 31, 2016				
Mutual funds				
Corporate stock				
Totals				
December 31, 2015				
Mutual funds				
Corporate stock				
Totals				

The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

## Moundridge Telephone Company

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

#### 3. INVESTMENT IN TELEPHONE PLANT

Major classes of telephone plant in service as of December 31, 2016 and 2015, and the annual depreciation rates utilizing the straight-line method for depreciation are presented as follows:

December 31	2016	2015	Annual Rate
Land			
Motor vehicles			
Other work equipment			
Buildings			
Furniture and office equipment			
Leasehold improvements			
Central office equipment			
Information origination/termination equipment			
Poles, fiber, cable, and wire			
Telephone Plant in Service			

#### 4. NONCURRENT INVESTMENTS

Years Ended December 31	2016	2015
Investment in limited liability companies		
Other investments in corporate stock		
Totals		

The Company's corporate stock investments held at cost were not evaluated for impairment because:

- (a) it is not practicable to estimate their fair values due to insufficient information being available, and
- (b) management did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of those investments.

**Moundridge Telephone Company**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

**5. NONREGULATED ACTIVITIES**

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Years Ended December 31	2016	2015
Income from nonregulated operations		
Expenses of nonregulated operations		
Net Income (Loss) From Nonregulated Operations		

**6. LONG-TERM DEBT**

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**7. CAPITAL STOCK**

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**8. PROFIT SHARING PLAN**

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**9. OPERATING LEASES**

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**Moundridge Telephone Company**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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Future minimum lease payments under the above operating leases is as follows:

Years Ending December 31	
2017	
2018	

**10. RELATED-PARTY TRANSACTIONS**

**11. CREDIT RISK**

## **Moundridge Telephone Company**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Continued)

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#### **12. FUTURE OPERATIONS**

A significant portion of the Company's operating revenues are subject to FCC regulation. The FCC continues to make regulatory changes that affect the amount and allocation of revenues among regulated telephone companies. Management has reviewed and continues to review the impact of the regulatory changes on future revenues. Management anticipates that any negative effects on future revenues may be offset by future reductions in operating costs.

**SUPPLEMENTARY INFORMATION SECTION**

**Moundridge Telephone Company**  
CONSOLIDATING BALANCE SHEETS

December 31, 2016

Moundridge Telephone Company	Moundridge Telcom, Inc.	Intercompany Eliminations	Consolidated Total
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Redacted - For Public Inspection

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December 31, 2016

**LIABILITIES AND STOCKHOLDER'S EQUITY**

	Moundridge Telephone Company	Moundridge Telcom, Inc.	Intercompany Eliminations	Consolidated Total
December 31, 2016				

# Moundridge Telephone Company

## CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Year Ended December 31, 2016	Moundridge Telephone Company	Moundridge Telcom, Inc.	Zaziwil, Inc.	Intercompany Eliminations	Consolidated Total
<b>Operating Revenues</b>					
Local network service	\$				
Network access service					
Long distance network service					
Miscellaneous					
Uncollectible operating revenue - net (charge-offs)					
<b>Total Operating Revenues</b>					
<b>Operating Expenses</b>					
Plant specific operations					
Plant nonspecific operations					
Depreciation and amortization					
Customer operations					
Corporate operations					
<b>Total Operating Expenses</b>					
<b>Operating Taxes</b>					
Other operating taxes					
<b>Operating Income (Loss) Before Fixed Charges</b>					
<b>Fixed Charges</b>					
Interest on long-term debt					
<b>Operating Income (Loss)</b>					
<b>Nonregulated Net Income (Loss)</b>					
<b>Nonoperating Income (Expense)</b>					
Interest and dividend income					
Equity (Loss) in earnings of limited liability companies					
Gain (Loss) on sale of assets					
Special charges					
Other nonoperating income (expense)					
<b>Total Nonoperating Income (Expense)</b>					
<b>Net Income (Loss)</b>					
<b>Other Comprehensive Income (Loss)</b>					
Unrealized gains (losses) on securities arising during the period					
Reclassification adjustment					
<b>Total Other Comprehensive Income (Loss)</b>					
<b>Net Comprehensive Income (Loss)</b>	\$				